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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - December 5, 2008

11. The following are brief items of interest compiled by Embassy Minsk.

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##### Civil Society

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#### 12. Youth Leader Denied Readmission

On November 27, Belarusian Popular Front youth group leader Franak Vyachorka was yet again denied readmission to the Belarus State University after his expulsion in February 2008. Vyachorka noted that the university administration suggested that he apply for readmission after the winter exams. The army draft office also informed Vyachorka that he could soon be removed from travel ban lists following the dismissal of alleged draft evasion charges against him.

#### 13. United Civic Party Members Briefly Detained

Police briefly detained United Civic Party Chair Anatoliy Lebedko and three associates in northwestern Belarus on December 2. The activists were heading to a potential site for construction of a nuclear power plant. The police searched Lebedko's vehicle and seized over 1,000 copies of flyers calling upon the entrepreneurs and small business owners to join protests and strikes across Belarus in mid-December. In spite of the detention, the activists were able to visit nearby towns and distribute the leaflets at local markets.

#### 14. Opposition Rallies Banned

Mozyr city authorities denied on December 2 local opposition activist Pavel Nozdrya holding a rally to mark the 17th anniversary of the collapse of the Soviet Union and bring communism to a tribunal. On December 3, local authorities in Minsk, Pinsk, and Kobrin also opposed Malady Front activists who wanted to stage similar demonstrations. In a separate case December 2, city authorities banned local human rights advocate Pavel Levinov from holding demonstrations in central Vitebsk to celebrate the 60th anniversary of the UN Universal Declaration of Human Rights December 10. The opposition representatives called bans "politically motivated" and discriminatory. The activists maintained they would appeal the bans.

#### 15. Brest Opposition Activists Fined

On December 3, a Brest district court fined three local opposition activists USD 32 each for staging an unsanctioned protest in downtown Brest. Activist Zhanna Abramova and two associates protested what they called Abramova's "illegal eviction" from an apartment that she had inherited from her grandmother. Abramova expressed her firm commitment to challenge her eviction in a higher court.

#### 16. Opposition Members Cleared of Bombing Charges

Right Alliance leader Yuriy Karetnikov, opposition activist Mikhail Sheremet, and Young Democrats activist Aleksandr Sergeyenko informed the media December 1 that the Prosecutor General's Office dropped criminal charges against them in connection with the July 4, 2008 bomb explosion. The three activists were also notified that law enforcement would lift travel bans imposed on them during investigation.

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#### 17. Grodno Opposition Activists Detained at Border

On November 28, border guards detained and searched local human rights lawyer Viktor Sazonov at the Grodno railway station and local United Civil Party leaders Yuriy Istomin and Aleksandr Vasilevich at the Polish border crossing for half-an-hour and an hour, respectively. Officials released the activists without charges; however, they gave no legitimate grounds for searching the travelers' belongings.

#### Domestic Economy

#### 18. National Bank Helps the Country's Four Largest State-Owned Banks

According to the Presidential press service, Belarus' National Bank Chairman Pyotr Prokopovich told Lukashenko on November 27 about efforts to support the country's four largest state-owned banks. USD 1.5 billion of central budget funds will be spent to increase the banks' charter funds and secure their stable operations during the global financial crisis. According to Prokopovich, many foreign banks plan to support their subsidiaries in Belarus in 2009. He also assured Lukashenka that, although the financial situation outside Belarus influences Belarusian ruble, it will fall or grow in 2009 within limits set by the National Bank.

#### 19. Trade Ministry Recommends Reducing Non-Critical Imports

Deputy Trade Minister Mikhail Sventitsky told journalists November 27 that the Ministry does not seek to ban imports of some food products. It drafted the list, which includes beer, juices, mineral water and some fruits and vegetables only to recommend importers to refrain from importing them as domestic producers can fully satisfy the demand. In turn, the saved hard currency should be spent wisely on critical imports: energy resources, raw materials, etc. His comment failed to clarify whether importers who disregard the recommendation will or will not be held legally responsible.

#### 110. Deputy Prime Minister Comments on the Country's Economy

Speaking to the Lower and Upper Houses of the parliament on November 28, Deputy Prime Minister Andrey Kobyakov made a few important comments on the country's economy. He said the GOB expects 14.5 percent inflation in 2008 and blamed high energy prices on the world market earlier this year. Kobyakov said Belarus supports transfer to payments in Russian rubles in Belarus-Russia mutual trade. The governments have yet to decide on the technicalities of the transfer. He also believes Belarus has high chances of securing a USD 2 billion loan in 2009 from the IMF. IMF representatives will come to Belarus again for loan talks starting December 15. Finally, although the global financial crisis is hitting Belarus' exporters hard, Kobyakov argued that indices of industrial growth will be in complete accordance with the yearly plan.

#### 11. Belarus' 2008 Foreign Debt "Insignificant"

According to official statistics, Belarus' foreign debt decreased 1.4 percent in October to USD 2.2 billion. In January through October the decrease was 5.3 percent. As of November 1, the ratio of foreign debt to the GDP was 3.9 percent. In November the country's foreign debt increased by another one billion USD as Russia issued the first half of its loan to Belarus. This is still below the limit of USD 6 billion stipulated in the country's budget.

#### 12. Belneftekhim Decreases Fuel Prices

According to the media, petrochemical conglomerate Belneftekhim reduced wholesale and retail prices on gasoline and diesel fuel by 10 percent. This is the first fuel price reduction in recent history. It took the government two months to make the decision, which raised considerable public ire.

#### Quote of the Week

13. In an interview with Interfax-West news agency Secretary of the Central Election Commission Nikolay Lozovik said:

"OSCE observers vary their standards depending on the country where they observe the elections. Something that is considered democratic in Ukraine and Georgia is not democratic in Belarus and Russia."

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